

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON CORRECTIONS AND PUBLIC SAFETY

Call to Order: By **CHAIRMAN STANLEY FISHER**, on February 8, 2001
at 8:00 A.M., in Room 317-A Capitol.

ROLL CALL

Members Present:

Rep. Stanley Fisher, Chairman (R)
Sen. Arnie Mohl, Vice Chairman (R)
Rep. Tim Callahan (D)
Sen. Chris Christiaens (D)
Rep. Jeff Pattison (R)
Sen. Debbie Shea (D)
Sen. Tom Zook (R)

Members Excused: None.

Members Absent: None.

Staff Present: Mary LaFond, OBPP
Lorene Thorson, Legislative Branch
Sandra Whitaker, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: Department of Corrections,
Montana Correctional
Enterprises Division, MCE
Canning Facility,
2/5/2001

Executive Action: None

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HEARING ON THE DEPARTMENT OF CORRECTIONS

MONTANA CORRECTIONAL ENTERPRISES DIVISION

Mr. Ross Swanson, Administrator, Montana Correctional Enterprises Division, Department of Corrections, presented a slide program of the department.

EXHIBIT(jch32a01)

In order to accomplish their mission, the number one goal of the Montana Correctional Enterprises (MCE) Division is to provide work, education and training opportunities for inmates and to develop work skills and ethics, while maintaining facility security, cost efficient programs with a minimum of general fund support, and quality products and services to meet the customers needs. The MCE actually consists of 6 programs. They are vocational education, the license plate factory, industries, the cattle ranch, the dairy ranch, and accounting and support.

Mr. Swanson stated the funding for MCE comes from HB2 and through a proprietary fund (HB 576). Proprietary funds are governmental funds which must be self-supporting. MCE is similar to private business in that the money raised from their efforts has to cover the operating costs. The legislature has to authorize the spending and use of the proprietary funds but no funding comes from the legislature. He touched on the accomplishments in fiscal year 1999, 2000, 2001.

SEN. CHRISTIAENS asked about new industries being brought into private prisons and the ownership question of the equipment.

Mr. Swanson replied MCE retains ownership of all equipment in the event of the private prison closing.

Mr. Swanson went on to give a quick overview of the funding. There are 2 requests from the general fund--vocational education and license plates--one proprietary fund request for HB 2 and one proprietary fund from HB 576. Proprietary funds account for 86% of their budget with 7% general fund needed for the vocational education program and 7% general fund needed for the license plate factory.

Mr. Swanson stated the typical inmate entering the MCE program is unskilled, unmotivated, and has poor work habits. Their job is to develop skills and work ethics in those inmates. There is a significant turnover as prisoners enter pre-release status, inmate writeups, medical problems, or are discharged.

Mr. Swanson went over the Vocational Education program and the budget requests for that program. It involves motor vehicle maintenance, the Toyota project, educational classroom, Gold West telemarketing, and the Montana Food Bank.

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There was discussion on the Food Bank and how the prison became involved. There is a more detailed separate presentation with exhibits on the Food Bank later in these minutes.

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LICENCE PLATE FACTORY, RANCHES, INDUSTRIES, AND ACCOUNTING AND SUPPORT

Ms. Gayle Lambert, Fiscal Director, Montana Correctional Enterprises, presented information on the remaining programs still referring to exhibit 1.

The License Place Factory involves producing 450,000 large and 40,000 small plates annually. She showed a slide of all the college plates available. The license plate factory is 100% general fund in HB 2. She went over the budget requests.

The Industries Program includes the furniture shop, upholstery shop, print and sign shop, laundry, and telemarketing. They have made furniture for the Montana State Women's Prison, high schools, and the Montana University System to name a few. The Industries Program is under HB 576 which is 100% proprietary and involves requesting spending authority only.

Ms. Lambert stated the telemarketing program is unique to the state. It is run under the prison industries enhancement certified program (PIECP) under the Federal Bureau of Justice System which incorporates strict federal guidelines. Under these guidelines, the inmates must be paid minimum wage; however, of that wage, 80% is allocated for federal and state withholding taxes, crime victim's compensation and assistance, family support, and room and board. An additional 10% of their wages is deposited into a saving account which is returned to the inmate upon parole or discharge. The inmates are required to file income tax returns. It teaches them how to file and enables them to get a tax refund.

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Discussion continued on the filing of income tax returns by the inmates. **Ms. Lambert** stated it is to get back the 5% the prison pays in for them. **Mr. Swanson** added the entire process of filing income tax returns is followed. **Ms. Lambert** went over the budget requests for the industries program.

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The laundry began operation in 1996 and has not had a rate increase since its inception. This year they are asking for an increase in rate of \$.02 per pound. The added revenue is needed for increased utility rates and longevity increases for the long-term laundry supervisor.

{Tape : 1; Side : B; Approx. Time Counter : 60}

Ms. Lambert gave an overview of the ranch program. They run 1500 head of cow calf pairs. All cattle are sold for delivery to out of state destinations. They also grow grass, barley, alfalfa hay, and oats, and produce silage. The feed is used by the ranch and dairy operations. The land is irrigated with the hand lines being moved by inmate labor.

Ms. Lambert went on to give an overview of the dairy program. The inmates milk 330 cows three times per day. The cow production ranks in the top 2% of northwest dairy herds with the surplus raw milk being sold to Darigold. The milk processing plant produces milk, cottage cheese, and ice cream which are sold to the Montana State Prison, Montana Women's Prison, the Mental Health Nursing Care Center, Powell County Jail, and various non-profit organizations. She then went over the budget requests for each of the ranches which is 100% proprietary and is for spending authority only. The LFD book has a report of the income and expenditures for the ranch programs.

A Ranch and Dairy Advisory Committee was established in the early 1980's which are instrumental in the decision making process of the two programs. All members except one have legislative background and all have agricultural background. The members are Robert Thoft, Chairman, Francis Bardanouve, Ed Grady, Senator Tom Beck, Senator Bill Tash, Francis Koehnke, Ray Lybeck, and Don Davis.

Ms. Lambert concluded by stating MCE has a positive impact on the Montana economy. It benefits the correctional facilities by providing a structured work and education schedule which in turn prevents inmate idleness and reduces security risks. MCE trains inmates, develops skills, increases self-worth, and provides a source of income. MCE not only saves the Montana taxpayer money but contributes to the tax base by paying \$46,000 a year as a payment in lieu of real estate taxes.

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SEN. ZOOK asked about the big increase of about 40% in the industries budget request. **Ms. Lambert** stated it was due to the

fact that the current figures did not reflect a full year of operation in the regional prisons.

The veterinarian needs are contracted out following state policies to 2 local vets. There is a contract for herd health for the dairy operation with a veterinary from Belgrade.

SEN. CHRISTIAENS commented on the quality of the advisory committee members and their careful scrutiny of expenditures. He asked about the use of Carl Perkins grants. **Ms. Lambert** responded the grants have been used for training and obtaining CDL licenses for inmates. Approximately 53 inmates have received their CDL licenses.

SEN. CHRISTIAENS asked about the general fund allocation for the license plate factory. **Ms. Lambert** stated nearly 75% of the budget is for the purchase of the aluminum and reflective sheeting necessary to make the plates. The numbers of plates produced have been averaged over a 12-year period. They also need a 3-month inventory carryover to be prepared for influxes in license plate needs. If the plates are not reissued every four years, it would cut the overtime necessary to keep up with production.

Information was distributed regarding the numbers of inmates involved with MCE.

EXHIBIT (jch32a02)

SEN. MOHL complimented the MCE ranch program and its staff on being such good neighbors. He also complimented the furniture shop on the quality of products being made.

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WARDEN MAHONEY concluded the MCE presentation by stating his support for the program. There are huge benefits to the inmates, the Montana State Prison, and the State of Montana. He complimented Mr. Swanson and Ms. Lambert on being able to run an operation with inmate turnover, daily interruptions in the work schedule, and in general running a business in the middle of a correctional institution and all its problems. One of the most simple but most important elements taught the inmates is to get out of bed every morning and go to work and to see a project through to completion. Approximately 25% of the inmates are being kept busy in these programs. It is also possible that the supply of milk sold to Darigold may actually be keeping that business in the state of Montana.

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There was further discussion on how the ranches operate when there is a prison lockdown. **Warden Mahoney** stated after his first priority of securing the prison is accomplished, his next act is to authorize those inmates back to work on the ranches, particularly the dairy ranch for milking to continue.

SEN. CHRISTIAENS also expressed his concern about the lack of qualified inmates for the MCE labor. **Warden Mahoney** responded the Contract Beds Division is screening more carefully for those inmates who qualify and place them accordingly. **SEN. CHRISTIAENS** further stated his concern about keeping inmates incarcerated longer than necessary because they can do the MCE work. **Warden Mahoney** stated they make every attempt to screen fairly for releasing prisoners but that many factors are involved in determining a prisoner's readiness for release from MSP.

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MONTANA FOOD BANK NETWORK/MCE CANNING FACILITY

Ms. Peggy Grimes, Executive Director of the Montana Food Bank Network (MFBN), gave an overview of the MCE canning facility located on the prison grounds per information distributed and a video.

EXHIBIT (jch32a03) and **EXHIBIT (jch32a04)**

She began by giving a history of the Montana Food Bank Network. From 1994 through 1998, there was a cooperative arrangement between the Food Bank and the Church of Jesus Christ of Latter-day Saints to can food through their humanitarian canning program. In December 1998, the LDS Church made the decision to discontinue their wet-pack canning process and to dispose of the wet-pack canning equipment. After searching various facilities, it was decided the former slaughterhouse at MSP was the perfect location for the cannery.

Ms. Grimes stated the MFBN/MCE is a partnership between the MCE and the Department of Public Health and Human Services' Food Distribution Bureau, the Department of Fish, Wildlife and Parks, and the Montana Food Bank Network. The cannery began operation in October, 2000, and to date has canned 40,000 lbs. of potatoes, 8,000 lbs. of carrots, and processed and frozen 70 wild game animals. All the food to can has been donated and finished product will be distributed to support low-income families across Montana. This is a way to use food that would otherwise be discarded and at the same time give some of Montana's families

nutritious food. **Ms. Grimes** sees the future of the cannery as being able to can donated food year round and to give the local farmer the ability to market his product. This is the only cannery in the state and the only program in the nation with this type of cooperation and partnerships.

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The video was shown.

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Ms. Grimes presented the costs of the program and the budget request. The MSP MCE ranch programs helped the cannery with startup expenses by funding the 2 FTE's necessary. With the cuts in the budget, the ranch program can no longer help with that funding; however, MSP will continue to supply inmate labor. The Food Bank is requesting spending authority from the proprietary funds for \$58,189 fiscal year 02 and \$61,557 fiscal year 03 to cover the 2 FTE's. They are currently looking at ways to generate income so that the program may be self-sufficient in the future. **Ms. Grimes** also presented a chart on cost savings by feeding programs through the cannery.

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SEN. CHRISTIAENS asked about the year round canning ability. **Ms. Grimes** stated they will need to go out of state for food donations during Montana's off season, but the food is there. She has already had to turn down donated food as they were too busy.

CHAIRMAN FISHER expressed his concern in becoming the food supplier for a large number of Montana families who experience work layoffs. **Ms. Grimes** stated that although they are now more of a service for the low income and unemployed families, she hopes to see employment come up and put the Food Bank back to being an emergency relief factor. They would like to work the Food Bank out of the grocery store business. She would be very supportive of improving the economy and employment.

SEN. ZOOK asked why private donations were not able to be used for the FTE salaries. **Ms. Grimes** stated people are reluctant to contribute funds for a state employee. They feel the state should pay the salaries. There was further discussion on how private funds might be able to be used in that manner. Possibly the FTE's could be contract labor rather than state employees.

SEN. CHRISTIAENS asked about the utilities cost. **Mr. Swanson** stated the building has a separate meter and the cost is billed to the Food Bank. There was also some discussion on donating the building to the Food Bank since it is located outside the secured area of the prison.

Mr. Swanson closed the Food Bank presentation by asking the committee for their support.

Mr. Bill Slaughter, Director, Department of Corrections, stated he has spent a great deal of time visiting facilities and meeting with his department administrators in a learning process. He has seen nothing but dedicated, hard working staff whose efforts, combined with the Legislature, has brought more advancements in corrections in the last 8 years than the previous 100 years.

CHAIRMAN FISHER closed the hearing with the reminder to the committee that there was no meeting on Friday, February 9, and the meeting on Monday, February 12, for executive action will start at 8:30 a.m. The Department of Corrections has been asked to make adjustments in their budget requests to try to stay within the confines of the current budget figures. **Mr. Slaughter,** and **Mr. Williams, Administrator, Administrative Services Division,** will be sitting in on the executive action meeting. **Mr. Williams** stated last year's overrun figures will not be complete until February 20. He stated with the change in Director coming so late, the overrun figure has been late in coming. **CHAIRMAN FISHER** stated they will have to go forward without knowing that amount.

CHAIRMAN FISHER adjourned the meeting.

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ADJOURNMENT

Adjournment: 10:10 A.M.

REP. STANLEY FISHER, Chairman

SANDRA WHITAKER, Secretary

SF/SW

EXHIBIT (jch32aad)